

**TOWNSHIP OF WINSOR
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Winsor	County Huron
Fiscal Year End 03/31/06	Opinion Date 07/28/06	Date Audit Report Submitted to State 09/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

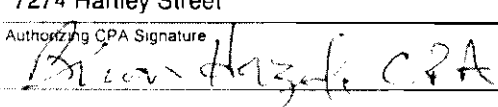
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of comments required	
Other (Describe)	<input type="checkbox"/>	No Single Audit Reports required	
Certified Public Accountant (Firm Name) Nietzke & Faupel, PC		Telephone Number 989-453-32122	
Street Address 7274 Hartley Street		City Pigeon	State MI
Authorizing CPA Signature 		Printed Name Brian Hazard	Zip 48755
		License Number 1101014007	

TOWNSHIP OF WINSOR

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	i - ii
MANGEMENT'S DISCUSSION AND ANALYSIS	iii – vi
BASIC FINANCIAL STATEMENTS	1
Government-Wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of Governmental Fund Balances to Governmental Activities Net Assets	5
Statement of Revenue, Expenditures and Change in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Notes to the Financial Statements	8 - 15
REQUIRED SUPPLEMENTAL INFORMATION	16
Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	17 – 19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Cemetery Fund	20

TOWNSHIP OF WINSOR

TABLE OF CONTENTS (CONTINUED)

Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Construction Fund	21
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	22
SUPPLEMENTAL INFORMATION	23
Statement of Changes in Assets and Liabilities – Tax Collection Agency Fund	24
Schedule of Additions and Deductions – Tax Collection Agency Fund	25



Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

CPA's On Your Team

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members
Township of Winsor
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township of Winsor's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Winsor's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages iii through vi and 16 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

- i -

Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Winsor's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

July 28, 2006

Our discussion and analysis of Winsor Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2006. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund increased from \$86,873 to \$98,389 during the past year. The increase of \$11,516 is due primarily from two areas: increase in property tax revenue and administration fees.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31,:

	2006	2005
Current assets	\$ 208,207	\$ 125,110
Restricted assets	60,445	60,445
Capital assets	<u>786,534</u>	<u>407,344</u>
Total assets	<u>\$ 1,055,186</u>	<u>\$ 592,899</u>
Current liabilities	\$ 15,658	\$ 6,300
Noncurrent liabilities	<u>287,104</u>	
Total liabilities	<u>\$ 302,762</u>	<u>\$ 6,300</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 499,430	\$ 407,344
Restricted	60,445	60,445
Unrestricted	<u>192,549</u>	<u>118,810</u>
Total net assets	<u>\$ 752,424</u>	<u>\$ 586,599</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$192,549 and \$118,810. This is approximately 18% and 20% of the total net assets for governmental activities.

The following table shows the changes of the net assets during the year ended March 31,

	2006	2005
Net assets-beginning of year	\$ 586,599	\$ 574,734
Revenue		
Charges for services	28,198	22,725
Property taxes	422,076	386,222
State shared revenues	60,417	60,915
Unrestricted Investment earnings	5,418	952
Miscellaneous	13,724	3,823
Grant	80,988	
Total revenues	610,821	474,637
Expenses		
General government	97,023	87,608
Public safety	122,275	93,813
Highways and streets	202,415	261,745
Culture and recreation	750	750
Cemetery	12,705	14,518
Interest on long-term debt	6,912	1,421
Unallocated depreciation	2,916	2,917
Total expenses	444,996	462,772
Change in net assets	165,825	11,865
Net assets - ending	\$ 752,424	\$ 586,599

Capital asset and Debt Administration

As of March 31, 2006, Winsor Township had a total of approximately \$786,534 (net of depreciation) invested in capital assets including land, buildings and equipment.

Debt service totaled \$51,600 (\$44,688 principal and \$6,912 interest) in the past year on long-term debt with a remaining outstanding balance of \$287,104.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to John Walsh, Township clerk, 89 S. Main Street, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WINSOR
STATEMENT OF NET ASSETS
MARCH 31, 2006

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 175,478
Receivables:	
Taxes	17,664
Interest	462
Prepaid expenses	14,603
Cash - restricted	60,445
Capital assets:	
Land and building	462,215
Equipment	709,477
Less: Accumulated depreciation	(385,158)
TOTAL ASSETS	<hr/> 1,055,186
<u>LIABILITIES</u>	
Accounts and payroll withholdings payable	15,658
Note payable - fire truck	287,104
TOTAL LIABILITIES	<hr/> 302,762
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	499,430
Restricted for:	
Perpetual care	60,445
Unrestricted	192,549
TOTAL NET ASSETS	<hr/> \$ 752,424

TOWNSHIP OF WINSOR

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2006

	PROGRAM REVENUES			NET (EXPENSE) REVENUES & CHANGES	
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	IN NET ASSETS	GOVERNMENTAL ACTIVITIES
<u>Governmental Activities</u>	<u>EXPENSES</u>				
General government	\$ 97,023			\$ (97,023)	
Public safety	122,275	\$ 17,498	\$ 80,988	(23,789)	
Highways and streets	202,415			(202,415)	
Culture and recreation	750			(750)	
Cemetery	12,705	10,700		(2,005)	
Interest on long - term debt	6,912			(6,912)	
Unallocated depreciation	2,916			(2,916)	
Total Governmental Activities	\$ 444,996	\$ 28,198	\$ 80,988	(335,810)	
<u>General Revenue:</u>					
Property taxes				422,076	
State shared revenues				60,417	
Unrestricted investment earnings				5,418	
Miscellaneous				13,724	
Total general revenues				501,635	
Change in net assets				165,825	
Net assets - beginning				586,599	
Net assets - ending				\$ 752,424	

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2006**

<u>ASSETS</u>	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash on hand and in bank	\$ 175,478	\$ 60,445			\$ 235,923
Receivables:					
Taxes	17,664				17,664
Due from other fund		4,475	\$ 49,120	\$ 40,103	93,698
Interest		462			462
Prepaid expenses	14,603				14,603
TOTAL ASSETS	<u>\$ 207,745</u>	<u>\$ 65,382</u>	<u>\$ 49,120</u>	<u>\$ 40,103</u>	<u>\$ 362,350</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts and payroll withholdings payable	\$ 15,658				\$ 15,658
Due to other funds	93,698				93,698
TOTAL LIABILITIES	<u>109,356</u>				<u>109,356</u>
FUND BALANCES:					
Reserved for perpetual care		\$ 60,445			60,445
Unreserved	98,389	4,937	\$ 49,120	\$ 40,103	192,549
TOTAL FUND BALANCES	<u>98,389</u>	<u>65,382</u>	<u>49,120</u>	<u>40,103</u>	<u>252,994</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 207,745</u>	<u>\$ 65,382</u>	<u>\$ 49,120</u>	<u>\$ 40,103</u>	<u>\$ 362,350</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2006**

Total governmental fund balances	\$ 252,994
---	-------------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$1,171,692 less the accumulated depreciation of \$385,158 and net of related debt of \$287,104.

499,430

Net assets - governmental activities

<u>\$ 752,424</u>

TOWNSHIP OF WINSOR

**STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006**

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:					
Taxes	\$ 113,872		\$ 253,819	\$ 54,385	\$ 422,076
Licenses and permits	382				382
Intergovernmental revenues	60,417				60,417
Charges for services	17,498	\$ 10,700			28,198
Investment income	618	4,800			5,418
Other	11,468	1,874			13,342
Grant	80,988				80,988
TOTAL REVENUE	<u>285,243</u>	<u>17,374</u>	<u>253,819</u>	<u>54,385</u>	<u>610,821</u>
EXPENDITURES:					
General government	97,023				97,023
Public safety	77,224				77,224
Highways and streets	5,272		197,143		202,415
Culture and recreation	750				750
Capital outlay	427,224				427,224
Principal and interest				51,600	51,600
Cemetery		12,638			12,638
TOTAL EXPENDITURES	<u>607,493</u>	<u>12,638</u>	<u>197,143</u>	<u>51,600</u>	<u>868,874</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(322,250)</u>	<u>4,736</u>	<u>56,676</u>	<u>2,785</u>	<u>(258,053)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers in (out)	1,974			(1,974)	-
Loan Proceeds	331,792				331,792
TOTAL OTHER FINANCING SOURCES (USES):	<u>333,766</u>			<u>(1,974)</u>	<u>331,792</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>11,516</u>	<u>4,736</u>	<u>56,676</u>	<u>811</u>	<u>73,739</u>
FUND BALANCE (DEFICIT) - APRIL 1	<u>86,873</u>	<u>201</u>	<u>(7,556)</u>	<u>39,292</u>	<u>118,810</u>
FUND BALANCE - MARCH 31	<u>\$ 98,389</u>	<u>\$ 4,937</u>	<u>\$ 49,120</u>	<u>\$ 40,103</u>	<u>\$ 192,549</u>

The accompanying notes are an integral
part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

Net change in fund balance - governmental funds	\$ 73,739
--	------------------

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, assets with an initial, individual cost of more than
\$500 are capitalized and the cost is allocated over their estimated useful
lives and reported as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 427,224	
Loan proceeds	(331,792)	
Sale of equipment	(10,000)	
Depreciation expense	(38,034)	
Repayment of principal of debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	44,688	92,086

Change in net assets of governmental activities	<u>\$ 165,825</u>
--	--------------------------

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and has approximately 2,044 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, cemetery services and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

Reporting Entity:

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery and Road Construction in special revenue funds.

Debt Service Fund - Debt Service Fund accounts for the servicing of long-term debt of the Township. Sources of funds for the servicing of the debt include property taxes restricted for debt service.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2005 consist of property taxes and interest. Taxes are deemed collectible in full.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the governmental fund Statement of Net Assets. Depreciation expense for the year ended March 31, 2006 was \$38,034. Capital asset acquisitions in the governmental funds totaled \$427,224 for the year ended March 31, 2006. A summary of Governmental Fund capital assets at March 31, 2006, follows:

	March 31, <u>2006</u>	<u>2005</u>
Land	\$ 32,510	\$ 32,510
Buildings	429,705	429,705
Equipment	709,477	367,253
Less accumulated depreciation	<u>(385,158)</u>	<u>(422,124)</u>
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$786,534</u>	<u>\$407,344</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public Safety	\$ 35,051
Cemetery	67
Unallocated	<u>2,916</u>
Total depreciation expense – governmental activities	<u>\$ 38,034</u>

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Interfund Receivables and Payables :

At March 31, 2006, the balance of interfund receivables and payables was as follows:

	<u>Receivable</u>	<u>Payable</u>
Cemetery Fund	\$4,475	
General Fund		\$93,698
Road Fund	49,120	
Debt Retirement	40,103	
Total	<u>\$93,698</u>	<u>\$93,698</u>

NOTE 2 - PENSION PLAN :

During the year ended March 31, 2000, the township adopted a Money Purchase Pension Plan covering all employees, that are age 18, from date of hire. The township contributes 6% of W-2 wages with 100% immediate vesting. Participants in the previous plan rolled over their account balances to the new plan. For the year ended March 31, 2006, total wages and covered wages were \$86,484. Township contributions were \$5,129 and employee contributions were zero. The plan has fully vested assets of \$57,702 at March 31, 2006.

NOTE 3 – BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 2 of 1968, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Elections	\$ 0	\$ 476	\$ (476)
Zoning and Board of review	1,350	2,315	(965)
Fire Department	66,700	71,092	(4,392)
Capital outlay	426,086	427,224	(1,138)

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 4 – DETAIL NOTES ON ALL FUNDS:

A. As of March 31, 2006, the Township has a carrying amount of \$235,923 of deposits (cash and deposits) in local banks and the bank balance was \$342,482. Of the bank balance, \$160,445 was covered by the Federal Deposit Insurance Corporation and \$182,037 remained uninsured and uncollateralized.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

B. Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2005 tax levy is as follows:

	ASSESSED VALUE	TAXABLE VALUE
Real and personal property	\$84,518,900	\$72,640,851
Industrial facilities	<u>6,463,000</u>	<u>6,463,000</u>
TOTAL	<u>\$90,981,900</u>	<u>\$79,103,851</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board in 1960, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2006, the Township levied 1.2154 mills for general governmental services, 3.5000 mills for roads, and .7500 mills for fire. Total millage levied was 5.4654.

C. Risk Management:

Winsor Township purchased commercial insurance coverage for all general liability coverage, and the Township also purchased commercial insurance coverage for losses related to worker's compensation claims. For the year ended March 31, 2006, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year or the three prior years.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 5 – LONG-TERM DEBT:

The Township fire department purchased a new fire truck. The purchase was financed by a loan of \$331,792 which was obtained from a commercial bank. Information regarding the interest rate and repayment terms follows. The Debt will be repaid by a special .75 mill tax levy that expires in 2014.

The following is a summary of the debt of the Township outstanding as of March 31, 2006.

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Fire Equipment	1	6.25%	2014	\$287,104

The following is a summary of debt transactions of the Township for the year ended March 31, 2006:

Fire Equipment

Note:

Payable April 1, 2005	\$ -
Issued	331,792
Retired	<u>(44,688)</u>
Payable March 31, 2006	<u>\$287,104</u>

Maturities for the Note Payable

Note Payable

Fiscal Year Ending

Fire Equipment

March 31,

Principal

Interest

2007	\$ 33,656	\$ 17,944
2008	35,759	15,841
2009	37,994	13,606
2010	40,369	11,231
2011	42,892	8,708
2012	45,573	6,027
2013	48,422	3,178
2014	<u>2,439</u>	<u>152</u>
	<u>\$287,104</u>	<u>\$76,687</u>

Total interest expense for the Township for the year ended March 31, 2006 was \$6,912.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
TAXES:				
Taxes	\$ 85,000	\$ 85,000	\$ 88,135	\$ 3,135
Administration fees	23,500	23,500	25,737	2,237
TOTAL TAXES	<u>108,500</u>	<u>108,500</u>	<u>113,872</u>	<u>5,372</u>
LICENSES AND PERMITS	<u>400</u>	<u>400</u>	<u>382</u>	<u>(18)</u>
INTERGOVERNMENTAL:				
State revenue sharing	61,000	61,000	60,417	(583)
TOTAL INTERGOVERNMENTAL	<u>61,000</u>	<u>61,000</u>	<u>60,417</u>	<u>(583)</u>
CHARGES FOR SERVICES	<u>16,500</u>	<u>16,500</u>	<u>17,498</u>	<u>998</u>
INTEREST	<u>500</u>	<u>500</u>	<u>618</u>	<u>118</u>
OTHER REVENUE	<u>82,888</u>	<u>82,888</u>	<u>92,456</u>	<u>9,568</u>
TOTAL REVENUES	<u>269,788</u>	<u>269,788</u>	<u>285,243</u>	<u>15,455</u>
EXPENDITURES:				
General Government				
Elected Officials				
Salaries	4,750	4,750	4,146	604
Payroll taxes	360	360	317	43
Retirement	300	300	192	108
Total Elected officials	<u>5,410</u>	<u>5,410</u>	<u>4,655</u>	<u>755</u>
Supervisor				
Supervisor salary	7,680	7,680	7,680	-
Assessor	10,017	10,017	10,017	-
Building inspector	600	600	600	-
Payroll taxes	1,360	1,360	1,354	6
Travel and seminar	2,500	2,500	1,773	727
Retirement	1,063	1,063	1,000	63
Other	1,000	1,000	940	60
Total Supervisor	<u>24,220</u>	<u>24,220</u>	<u>23,364</u>	<u>856</u>
Elections				
Salaries			446	(446)
Supplies and expense		-	30	(30)
Total Elections	<u>-</u>	<u>-</u>	<u>476</u>	<u>(476)</u>

(Continued)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (Continued)				
Clerk				
Salary	12,630	12,630	12,630	-
Payroll taxes	970	970	966	4
Dues	1,200	1,200	1,153	47
Insurance and bonds	6,600	6,600	7,028	(428)
Office supplies and expense	400	400	309	91
Postage	200	200	159	41
Printing and publishing	1,600	1,600	1,710	(110)
Professional fees - audit	1,700	1,700	1,700	-
Pension plan fees	950	950	947	3
Retirement	760	760	779	(19)
Telephone	600	600	655	(55)
Travel & seminar	275	275	50	225
Utilities & maintenance - Hall	16,000	16,000	15,682	318
Total Clerk	<u>43,885</u>	<u>43,885</u>	<u>43,768</u>	<u>117</u>
Treasurer				
Salary	14,433	14,433	14,433	-
Payroll taxes	1,110	1,110	1,104	6
Retirement	870	870	942	(72)
Postage and supplies	1,200	1,200	1,156	44
Tax roll preparation	4,100	4,100	3,888	212
Travel & seminar	950	950	922	28
Total Treasurer	<u>22,663</u>	<u>22,663</u>	<u>22,445</u>	<u>218</u>
Zoning and Board of Review				
Salaries	1,250	1,250	1,724	(474)
Supplies and other	100	100	591	(491)
Total Zoning and Board of Review	<u>1,350</u>	<u>1,350</u>	<u>2,315</u>	<u>(965)</u>
TOTAL GENERAL GOVERNMENT	<u>97,528</u>	<u>97,528</u>	<u>97,023</u>	<u>505</u>
Public Safety:				
Fire Department				
Salaries	40,000	40,000	38,660	1,340
Payroll taxes	2,700	2,700	2,944	(244)
Retirement	2,400	2,400	2,111	289
Dues and other expenses	1,000	1,000	1,658	(658)
Fire Hall expense	3,800	3,800	5,313	(1,513)

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Public Safety (Continued)				
Insurance	11,500	11,500	13,079	(1,579)
Gas and oil	750	750	1,302	(552)
Maintenance - Equipment	1,000	1,000	1,814	(814)
Maintenance - Vehicles	3,000	3,000	3,601	(601)
Telephone - Alarm	550	550	610	(60)
Total Fire Department	<u>66,700</u>	<u>66,700</u>	<u>71,092</u>	<u>(4,392)</u>
Ambulance Subsidy	<u>6,300</u>	<u>6,300</u>	<u>6,132</u>	<u>168</u>
Total Public Safety	<u>73,000</u>	<u>73,000</u>	<u>77,224</u>	<u>(4,224)</u>
Highways and Streets				
Road maintenance	12,000	12,000	5,272	6,728
Culture and Recreation				
Library and Historical Society	750	750	750	-
Capital Outlay				
Equipment	426,086	426,086	427,224	(1,138)
TOTAL EXPENDITURES	<u>609,364</u>	<u>609,364</u>	<u>607,493</u>	<u>1,871</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(339,576)</u>	<u>(339,576)</u>	<u>(322,250)</u>	<u>17,326</u>
OTHER FINANCING SOURCES:				
Operating transfers in	1,974	1,974	1,974	
Loan proceeds	<u>331,792</u>	<u>331,792</u>	<u>331,792</u>	
TOTAL OTHER FINANCING SOURCES:	<u>333,766</u>	<u>333,766</u>	<u>333,766</u>	
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(5,810)</u>	<u>(5,810)</u>	<u>11,516</u>	<u>17,326</u>
FUND BALANCE - APRIL 1, 2005	<u>86,873</u>	<u>86,873</u>	<u>86,873</u>	
FUND BALANCE - MARCH 31, 2006	<u>\$ 81,063</u>	<u>\$ 81,063</u>	<u>\$ 98,389</u>	<u>\$ 17,326</u>

TOWNSHIP OF WINSOR

CEMETERY FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Charges for services	\$ 10,000	\$10,000	\$10,700	\$ 700
Investment income	3,000	3,000	4,800	1,800
Other	420	420	1,874	1,454
TOTAL REVENUE	<u>13,420</u>	<u>13,420</u>	<u>17,374</u>	<u>3,954</u>
EXPENDITURES:				
General government	13,415	13,415	12,638	777
TOTAL EXPENDITURES	<u>13,415</u>	<u>13,415</u>	<u>12,638</u>	<u>777</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>5</u>	<u>5</u>	<u>4,736</u>	<u>4,731</u>
FUND BALANCE - APRIL 1, 2005	<u>201</u>	<u>201</u>	<u>201</u>	
FUND BALANCE - MARCH 31, 2006	<u>\$ 206</u>	<u>\$ 206</u>	<u>\$ 4,937</u>	<u>\$ 4,731</u>

TOWNSHIP OF WINSOR
ROAD CONSTRUCTION FUND
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes	\$ 244,000	\$244,000	\$253,819	\$ 9,819
TOTAL REVENUE	<u>244,000</u>	<u>244,000</u>	<u>253,819</u>	<u>9,819</u>
EXPENDITURES:				
Road construction	218,000	218,000	197,143	20,857
TOTAL EXPENDITURES	<u>218,000</u>	<u>218,000</u>	<u>197,143</u>	<u>20,857</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>26,000</u>	<u>26,000</u>	<u>56,676</u>	<u>30,676</u>
FUND BALANCE (DEFICIT) - APRIL 1, 2005	(7,556)	(7,556)	(7,556)	
FUND BALANCE - MARCH 31, 2006	<u>\$ 18,444</u>	<u>\$ 18,444</u>	<u>\$ 49,120</u>	<u>\$ 30,676</u>

TOWNSHIP OF WINSOR

DEBT SERVICE FUND

STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes	\$ 51,300	\$ 51,300	\$ 54,385	\$ 3,085
TOTAL REVENUE	<u>51,300</u>	<u>51,300</u>	<u>54,385</u>	<u>3,085</u>
EXPENDITURES:				
Bond principal payments	44,688	44,688	44,688	-
Interest and paying agent fees	6,912	6,912	6,912	-
TOTAL EXPENDITURES	<u>51,600</u>	<u>51,600</u>	<u>51,600</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(300)</u>	<u>(300)</u>	<u>2,785</u>	<u>3,085</u>
OTHER FINANCING USES:				
Operating transfers out		(1,974)	(1,974)	-
EXCESS OF REVENUE AND OTHER USES OVER (UNDER) EXPENDITURES	<u>(300)</u>	<u>(2,274)</u>	<u>811</u>	<u>3,085</u>
FUND BALANCE - APRIL 1, 2005	39,292	39,292	39,292	
FUND BALANCE - MARCH 31, 2006	<u>\$ 38,992</u>	<u>\$ 37,018</u>	<u>\$ 40,103</u>	<u>\$ 3,085</u>

SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**TAX COLLECTION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2006**

	BALANCE APRIL 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2006
<u>ASSETS</u>				
Cash in bank	\$ 1,412	\$2,263,564	\$ 2,263,564	\$ 1,412
TOTAL ASSETS	<u>\$ 1,412</u>	<u>\$2,263,564</u>	<u>\$ 2,263,564</u>	<u>\$ 1,412</u>
<u>LIABILITIES</u>				
Due to Huron County	\$ -	\$ 879,315	\$ 879,315	\$ -
Due to schools	-	874,624	874,624	-
Due to library	-	69,381	69,381	-
Due to other funds	-	440,244	440,244	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$2,263,564</u>	<u>\$ 2,263,564</u>	<u>\$ -</u>

TOWNSHIP OF WINSOR
TAX COLLECTION AGENCY FUND
SCHEDULE OF ADDITIONS AND DEDUCTIONS
YEAR ENDED MARCH 31, 2006

ADDITIONS:

Current property tax	\$ 2,244,706
County revolving fund	18,086
Interest	773

TOTAL ADDITIONS	<u>2,263,564</u>
------------------------	------------------

DEDUCTIONS:

Huron County	436,208
Huron County - SET	443,107
Huron Intermediate School District	329,476
EPBP Laker School	545,148
Pigeon District Library	69,381
Township allocated	88,135
Township roads	253,820
Township fire Hall	54,385
Drains at large	43,904

TOTAL DEDUCTIONS	<u>2,263,564</u>
-------------------------	------------------

NET ADDITIONS OVER DEDUCTIONS	<u>\$ 0</u>
--------------------------------------	-------------